

**MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS**

**OF**

**MINERALES INDUSTRIAS CORPORATION**

Held at Columbus and Drake Rooms, Discovery Suites,  
25 ADB Avenue, Ortigas Center, Pasig City  
on July 9, 2014 at 2:30 P.M.

PRESENT

Stockholders Present in Person	14,320,271
Stockholders Present by Proxy	578,808,726
<b>Total No. of Shares Present/Represented</b>	<b>593,128,997</b>
<b>Total No. of Shares Outstanding</b>	<b>690,000,000</b>

**1. Call to Order**

The Chairman, Ms. Isabelita P. Mercado, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Ana Maria A. Katigbak recorded the minutes of the proceedings.

**2. Proof of Notice**

The Corporate Secretary reported that the Definitive Information Statement and Notice of the meeting were transmitted by personal delivery or by mail to the stockholders of record at their respective addresses indicated in the corporate records at least fifteen (15) business days before the meeting.

**3. Certification of Quorum**

The Corporate Secretary reported that based on the certification of the corporation's stock and transfer agent, at least 593,128,997 shares were present or represented by proxy at the meeting out of the total of 690,000,000 outstanding shares. This constitutes 85.96% of the Corporation's outstanding capital stock. She then certified that a quorum existed for a valid transaction of business.

**4. Approval of the Minutes of the Previous Meeting**

The Corporate Secretary advised that minutes of the previous Annual Meeting of the Stockholders held on September 19, 2013 were provided to the stockholders upon registration at the meeting. After some discussion and upon motion made and duly seconded, said minutes were approved by the stockholders.

## 5. Management Report

The Chairman informed the shareholders that a two-part management report would be presented. The first part will be the consolidated financial report for the year ended 2013 and the First Quarter of 2014; and the second part will be a report on the business operations and prospects of the Corporation.

Mr. Jose Ramon Villasin, the Corporation's Group Finance Head presented the financial report. Below are the highlights of the financial report:

### Financial Report

#### Audited Financial Statements as of December 31, 2013

- Total consolidated income for the year amounted to Php293.74 million, 36% higher than the Php215.92 million posted in 2012. This is attributable mainly to the increase in revenues from consultancy and field services as well as from provision for hauling services for the RDF production of affiliate, Mundo Verde Corporation.
- Cost of services for the year increased by 29%, from Php129.68 million in 2012 to Php167.29 million in 2013. Increases in cost were experienced across the board, including manpower, fuel and lubricants, as well as repairs and maintenance, resulting from the overall expansion in the volume of business.
- General and administrative expenses for the year went up by 119% from Php10.51 million in 2012 to Php22.97 million in 2013. This was mainly due to increases in taxes and licenses, salaries due to the increase in management personnel and other operating expenses.
- Listing expense amounting to Php25.22 million was recognized in the consolidated statements for 2013, as a result of the application by the Corporation's external auditors of the reverse-acquisition mode of consolidating the Corporation's financial statements with those of BEST. The listing fee is the difference between the Corporation's acquisition cost of 75% of BEST against the fair value of BEST as of acquisition date in 2013.
- The twelve month operation of the Corporation ended with a net income of Php41.85 million, down 22.78% as compared to the Php54.20 million reported in 2012 largely due to the listing expense of Php25.22 million and the higher provision for income tax in 2013.
- The Corporation's consolidated total assets rose by 10.31% from Php937.28 million in 2012 to Php1.03 billion in 2013.
- Total consolidated liabilities posted a 59.56% decrease from Php791.45 million in 2012 to Php320.07 million in 2013. The decrease was mainly due to the settlement of the Corporation's obligations to related parties.
- Total stockholders' equity went up by 389.52% from P145.83 million in 2012 to Php713.86 million in 2013. The increase is primarily due to the increase in the Corporation's authorized capital stock as well as recognized net profit and revaluation surplus.

- For the year ended December 31, 2013, net cash used in operations amounted to Php559.77 million as compared to the Php282.00 million net cash provided by operations in 2012. This reversal is mainly due to the settlement of obligations to related parties. Net cash used in investing activities amounted to Php4.48 million in 2013 as compared to Php354.91 million in 2012, due to major additions to property and equipment in 2012.

First Quarter Ended March 31, 2014 Compared to First Quarter Ended March 31, 2013

- Total consolidated income for the quarter ending March 31, 2014 amounted to Php71.20 million, 6% lower than the Php75.41 million posted in the same period of 2013. This is attributable mainly to the decrease in revenues from tipping and hauling services.
- Cost of services for the first quarter of 2014 amounted to Php40.47 million, up 23% from the Php32.77 million in the same period of 2013. Increases in cost resulted mainly from higher expenses for equipment rental, fuel and lubricants.
- General and administrative expenses dipped by a slight 4%, from Php9.28 million in 2013 to Php8.89 million this year. This was mainly due to decreases in depreciation and other operating expenses.
- The first three months of 2014 resulted in a net income after tax of Php14.87 million, from the net loss of Php2.64 million reported in the same period of 2013. Such loss was attributable to the listing expense of Php25.22 million recognized last year.
- The Company's consolidated total assets declined by 5% from Php1.03 billion as of December 31, 2013 to Php978 million as of March 31, 2014.
- Total consolidated liabilities posted a 22% decrease, from Php320.07 million as of December 31, 2013 to Php248.77 million as of March 31, 2014. The decrease was mainly due to the settlement of the Company's obligations.
- Total stockholders' equity increased slightly by 2% from Php713.87 million as of December 31, 2013 to Php729.27 million as of March 31, 2014.
- For the quarter ended March 31, 2014, net cash provided by operations amounted to Php8.46 million as compared to the Php524.99 million net cash used in operations in the same period of 2013. Net cash provided by investing activities amounted to Php71.22 million, while net cash in financing activities amounted to Php100.7 million.

**Business Operations and Prospects**

Thereafter, the Chairman introduced BEST's Vice President for Operations, Atty. Dwight Ramos, to render the report on the subsidiary's business operations and prospects.

## Current Projects

Atty. Ramos explained that the Corporation's subsidiary, BEST, currently services six local government units in the Rizal Eastern Cluster of municipalities and also accepts wastes from commercial and institutional clients. He reported that BEST is now transforming Material Solid Waste (MSW) into utilizable material as alternative fuel in cement manufacturing.

## Prospect and Possibilities

Atty. Ramos presented to the shareholders several prospects for BEST, including getting into renewable energy, landfill mining, operation and management of waste management facilities, hauling and collection of waste for both local government units and private clients.

After some discussion, the management report was noted by the stockholders.

### **6. Ratification of Acts of Officers and Directors**

The next item on the agenda was the ratification of acts of management and the Board of Directors for the past year. After some discussion and upon motion made and duly seconded, the following resolution was approved:

*"RESOLVED, That the stockholders of **Minerales Industrials Corporation** (the "Corporation") approve, ratify and confirm, all the decisions, acts and resolutions of the Board of Directors and officers of the Corporation made or undertaken in the year 2013 and until July 9, 2014 as they are reflected in the books and records of the Corporation."*

### **7. Delegation of Appointment of External Auditors**

The Chairman advised that the next item in the agenda was the delegation of the appointment of the Corporation's external auditors. Upon motion made and duly seconded, the following resolution was approved:

*"RESOLVED, that the Board of Directors of **MINERALES INDUSTRIALS CORPORATION** (the "Corporation") be, as it is hereby, authorized to appoint the Corporation's external auditors for the current year 2014."*

### **8. Election of Directors**

The meeting then proceeded with the election of directors for the current year. The Corporate Secretary stated that under Article VI of the Amended Articles of Incorporation, there are seven (7) seats in the Board of Directors. Under SRC Rule 38, public companies are required to have at least two (2) independent directors. It was noted that under SRC Rule 38, only those nominees appearing on the final list of candidates shall be eligible for election as independent director, and no other nominations for independent director shall be entertained or allowed on the floor during the actual stockholders' meeting. The Corporation received nominations for five

(5) nominees for regular directors and two (2) nominees for independent directors, namely:

For Regular Directors:

Gener T. Mendoza  
Isabelita P. Mercado  
Antonio Victoriano F. Gregorio III  
Francis Neil P. Mercado  
Joseph Quintin Y. Lao

For Independent Directors:

Atty. Alfredo P. Javellana II  
William D. Ty

On motion made and duly seconded, the above nominees were unanimously elected as directors of the Corporation for the current year to serve as such for a period of one year and until their successors are duly elected and qualified.

9. Adjournment

There being no further business to transact, the meeting was thereupon adjourned.

ATTEST:

  
**ISABELITA P. MERCADO**  
Chairman of the Stockholders' Meeting

  
**ANA MARIA A. KATIGBAK**  
Secretary of the Stockholders' Meeting